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ABSTRACT

In this report, the Canadian Community College Association (CCCA) offers its rationale for urging the government of Canada to increase transfer payments to the provinces in support of postsecondary education by $2 billion per annum, as well as making an additional increase in transfer payments that would contribute to the future expansion of postsecondary capacity in Canada. The findings of a recent study made by the federal Labour Department indicates that some form of postsecondary training is required for 72% of the 1.3 million new jobs expected to be created in the Canadian economy between 1999 and 2004. Only 60% of jobs in 1998 required postsecondary training. The CCCA's submission to the Pre-Budget Consultations addresses four major priorities facing postsecondary institutions: (1) investing in colleges and institutes; (2) investing in college and institute infrastructure; (3) barriers to postsecondary education: student debt/financial aid; and (4) positioning Canada's colleges and institutes on the national research agenda. In addition to the above-mentioned transfer payments, ACCC recommends that the federal government raise the Canada Study Loans Program in-study exemption from scholarships, fellowships, and bursaries; convert one-half of the loan contracted under the Canada Student Loan Program to a grant upon graduation; and undertake a major pan-Canadian analysis of the causes of loan default and high student debt. (NB)

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Canadian College and Institute Federal Budget Priorities

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ACCC Submission to the Standing Committee on Finance Pre-Budget Consultation

Association of Canadian Community Colleges

August 2000

JC020 719

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CANADA'S COLLEGE AND INSTITUTE FEDERAL BUDGET PRIORITIES
ACCC SUBMISSION TO THE HOUSE OF COMMONS
STANDING COMMITTEE ON FINANCE PRE-BUDGET CONSULTATIONS

The Association of Canadian Community Colleges (ACCC) is the national and international voice of Canada's 175 publicly-funded community colleges, technical institutes and cegeps located in 900 communities throughout Canada's 10 provinces and 3 territories. The Association welcomes the opportunity to contribute to the Pre-Budget Consultations in preparation for the 2001 federal budget.

A unique feature of Canada's colleges and institutes is their linkage with business and industry, and hence their integration into economic development. As part of their primary function, all Canadian colleges and institutes respond to the educational needs of business, industry, the entrepreneurial community, the university transfer contingent, the public service sectors as well as the professional sector. With their roots deeply embedded in the more than 900 communities they serve, colleges are the main community vehicle for access to post-secondary education, adult education, employee skills upgrading, university transfer and non-formal education. Capitalizing on these vital socio-economic relationships allows these institutions to contribute to Canada's prosperity paradigm. Canada's colleges and institutes are deeply committed to this role but need assistance to continue to strengthen the future prosperity of Canadians in a knowledge-based economy.

While the federal government is to be applauded for their efforts in alleviating debt reduction and for implementing government programs, policies and actions which, over the course of the last year have contributed to Canada's status as a knowledge-based society, there remains critical issues within the post secondary education environment which are creating a real sense of inquietude for Canada's colleges and institutes.

The Association's submission to the Pre-Budget Consultations addresses four major priorities facing our institutions. These are:

1. INVESTING IN COLLEGES AND INSTITUTES: A Critical Priority

Significant reductions in the financing of post-secondary education and the eclipsing of investment in infrastructure maintenance and renewal have had a drastic impact on the capacity of colleges and institutes to serve "our leaders of tomorrow." Perhaps even more importantly, the serious financial restrictions, the increase in tuition fees, the movement from grants to loans and the downsizing or elimination of key programs such as adult basic education have decreased access to post-secondary education and, therefore, participation in the knowledge-based economy for a vast number of Canadians. Rural colleges continue to struggle for a adequate resources to serve their communities regardless of geographic distances. These colleges provide their communities not only with access to certificates and diplomas but are also developing new ways of providing learning opportunities for their diverse populations. An example of this is the leadership of our northern colleges -Yukon, Aurora, Nunavut and Arctic Colleges increasing our post-secondary education in the Arctic. However, these initiatives are being developed with significantly less funding.

It is becoming critical that the federal government work with the provinces to improve post secondary education and ensure accessible education and training to all Canadians regardless of where they live.

The findings of a new study undertaken by the federal Labour Department indicates that some form of post-secondary job or training is required for 72 per cent of the 1.3 million new jobs expected to be created in the Canadian economy between last year and 2004. That's up from 60 per cent of existing jobs in 1998. The study also revealed that the largest portion of new job creation is expected in occupations that require a community college diploma or trades certificate, such as construction and transportation trades, health and computer science, firefighting and police work (see Annex I). To continue to meet the growing demand for applied education and training in the next few years, colleges and institutes will need to implement access new resource strategies.

The current and future ability of Canada's public colleges and institutes to meet our national human resource needs is being challenged by the funding realities facing colleges - our institutions are being asked to do more with less. Responding to the development of critical skills of Canadians will require that colleges ensure that appropriate resources are in place.

The Premier's Conference, held August 9-11 in Winnipeg, not only recognized the need for adequate, predictable and sustainable federal funding in support of post-secondary education and skills development, but more importantly, called for the "*full and immediate restoration of the Canadian Health and Social Transfer cash transfers, adoption of an appropriate escalator and the increase in EI funding to the maximum allowable under the EI Act.*" The Premier's discussions reflect the views of our colleges and institutes that access to post-secondary education is crucial to the economic and social well-being of Canadians and to Canada's ability to remain competitive in today's global economy.

The Government must act now to reinvest in an essential component of prosperity: the quality and capacity of Canada's post-secondary system and the enabling of access to post-secondary education. Canada's productivity and the social infrastructure so treasured by Canadians is at risk if immediate action is not taken. Therefore,

> **The Association of Canadian Community Colleges strongly urges the Government of Canada to increase transfer payments to the provinces in support of post-secondary education by two billion dollars per annum .**

It is also recommended that:

> **an additional increase in transfer payments also contribute to the future expansion of Canada's post-secondary education capacity. If we are to avoid a backwards slide relative to Canada's major competitors, most of whom are making major new investments in post-secondary education systems, this expansion will be absolutely essential.**

2. INVESTING IN CANADIAN COLLEGE AND INSTITUTE INFRASTRUCTURE

The accumulation of deferred maintenance and new technology needs has created an increasingly serious management challenge for our Canadian colleges and institutes.

The dramatic cuts endured over the last years have impacted on preventative maintenance and infrastructure renewal projects. Many facilities are old and colleges and institutes now find themselves facing the reconstruction or complete renovation of some of their buildings. Decreased funding is forcing our institutions to defer critical maintenance needs in favor of other priorities ie., programs or salaries.

The widespread implementation of educational technology is transforming the nature of learning and training at Canada's post secondary institutions. In responding to these changes, colleges and institutes must invest significantly in hardware and network structure. The budgetary constraints facing colleges and institutes are such that, the major challenge facing the implementation of technology mediated learning is being able to secure the resources needed to finance a broad range of related needs.

The cost of building networks, purchasing computers and software, providing technical support, updating curriculum and professional development for instructors are a significant challenge of up to date responsive programs at colleges and institutes throughout Canada.

Without additional funding for physical infrastructure and learning technology, our colleges and institutes will not be able to provide the highly skilled workforce that is so necessary for our nation's success and future prosperity. Therefore,

ACCC recommends that colleges and institutes be eligible for funding under any budgetary program of initiative targeting investments in infrastructure.

3. BARRIERS TO POST SECONDARY EDUCATION: Student Debt/Financial Aid

Continued and effective investment in student assistance on the part of the federal government is of critical importance for accessibility to post secondary education in Canada. The past two budgets were a major milestone on Canada's road to becoming a knowledge-based society. The decision to invest in student financial aid assistance through the Canadian Opportunities Strategy and the Millennium Scholarship Fund sends a strong signal to Canadians about the importance of learning as a lifelong endeavour. By increasing the tax exemption for scholarships, the Government has made important strides in challenging the tax burden of Canada's students. Investing in education makes good business sense and we commend the government for its course of action on the student financial assistance agenda.

However, this is only a step in fully addressing the critical issues of student and inter-generational debt and the lack of access to education and training in a country struggling to remain fair and competitive., We are faced with a range of issues affecting accessibility to education: obstacles faced by needy students both before and during studies, an aging student population with a different set of financial and family obligations, the needs of graduates coping with a combination of high debt and an uncertain job market; and the challenges facing Canadian families struggling to save for their children's education. The alarmingly high cost for an individual to attain a post-secondary education is contributing to a significant socio-economic schism between the privileged and the underprivileged in Canada. Student debt, family debt and the lack of a access to post-secondary education must attract the critical attention of the Government of Canada in order to ensure that Canada remains a fair and competitive nation.

We firmly believe that the time has come for government and the education stakeholder community to rethink their approaches to student assistance. At the recent national roundtable of the Standing Committee on

Human Resources Development, representatives from government, universities, colleges, community colleges, Student Associations and other stakeholders all expressed a critical need to develop a national policy that would address the issue of accessibility to post-secondary education for all Canadians and ensuring that the necessary funding is there to provide that accessibility.

In light of the serious financial pressures facing our leaders of tomorrow:

The Association of Canadian Community Colleges recommends that the federal government:

- **raise the Canada Student Loans Program in-study exemption from scholarships, fellowships and bursaries to $3,000, consistent with the recent changes to the Income Tax Act;**
- **convert one half of the loan contracted under the Canada Student Loans Program to a grant upon graduation;**
- **introduce a work study program which would be an integral part of the national financial aid system in Canada.**

The Association of Canadian Community Colleges further recommends that the federal government undertake a major pan-Canadian analysis of the causes of loan default and high student debt and that the government consult with ACCC's National Student Debt Task Group who's mandate is to examine the full scope of the student debt issue and identify alternative means of alleviating such debt.

4. POSITIONING CANADA'S COLLEGES AND INSTITUTES ON THE NATIONAL RESEARCH AGENDA

Canada's colleges and institutes are playing an increasing important role in applied research. The federal government acknowledged this when it included colleges and institutes within the ambit of the Canadian Foundation for Innovation. However, apart from the CFI and the National Research Council's IRAP program, the role of colleges and institutes in innovation is little understood by government. This was clearly evident in last year's federal budget. Canada's colleges and institutes were extremely disappointed to see that, once again, the Federal Government had failed to include them as an integral part of the post-secondary research community and as contributors to the prosperity of all Canadians.

The Federal Government has bypassed an important opportunity to recognize and support the participation of colleges and institutes in the national effort of all public and private sector organizations to strengthen the country's national innovation agenda.

Government must recognize that:

- colleges and institutes are making an increasingly important contribution in applied research, technology transfer, prototyping, product development, product testing, commercialization and process development;
- the application of technology is an essential element in the development of a broad industrial base;

- Canadian small and medium-sized industries have identified a requirement for support in transforming existing technology into a tangible product for the marketplace;
- colleges and institutes play a an important role in Canada's ability to compete in the world marketplace;
- applied research at colleges and institutes is making an increasingly important contribution to Canada's innovation system. CFI funded projects is but the tip of the iceberg in terms of the capacity which could be readily released to make immediate contributions to Canada's prosperity and innovation agendas.
- colleges and institutes need community-oriented funding mechanisms that will support the college sector in undertaking community based research.
- they must improve college access to existing research funding programs. NSERC funding should be expanded to permit college researchers to receive direct funding as opposed to requiring them to be co-applicants with universities. Therefore,

The Association of Canadian Community Colleges recommends that the federal government establish a Canadian College and Institute Technology Assistance Program for applied research, product and process development in the amount of $50 million per annum.

5. CONCLUSION

The Association of Canadian Community Colleges welcomes the opportunity to contribute to the consultative process for the 2000/2001 federal budget and wishes to stress the importance of helping colleges and institutes to further contribute to Canada`s development, innovation and prosperity through improved social infrastructure, a stronger new economy and enhanced productivity.

SUMMARY OF ACCC RECOMMENDATIONS

It is recommended that the federal government:

increase transfer payments to the provinces in support of post-secondary education by two billion dollars per annum ;

invest in additional increases in transfer payments which will contribute to the future expansion of Canada's post-secondary education capacity. If we are to avoid a backwards slide relative to Canada's major competitors, most of whom are making major new investments in post-secondary education systems, this expansion will be absolutely essential;

create a special budgetary envelope for colleges and institutes under any budgetary program of initiative targeting investments in infrastructure;

raise the Canada Study Loans Program in-study exemption from scholarships, fellowships and bursaries to $3,000, consistent with the recent changes to the Income Tax Act;

convert one half of the loan contracted under the Canada Student Loan Program to a grant upon graduation;

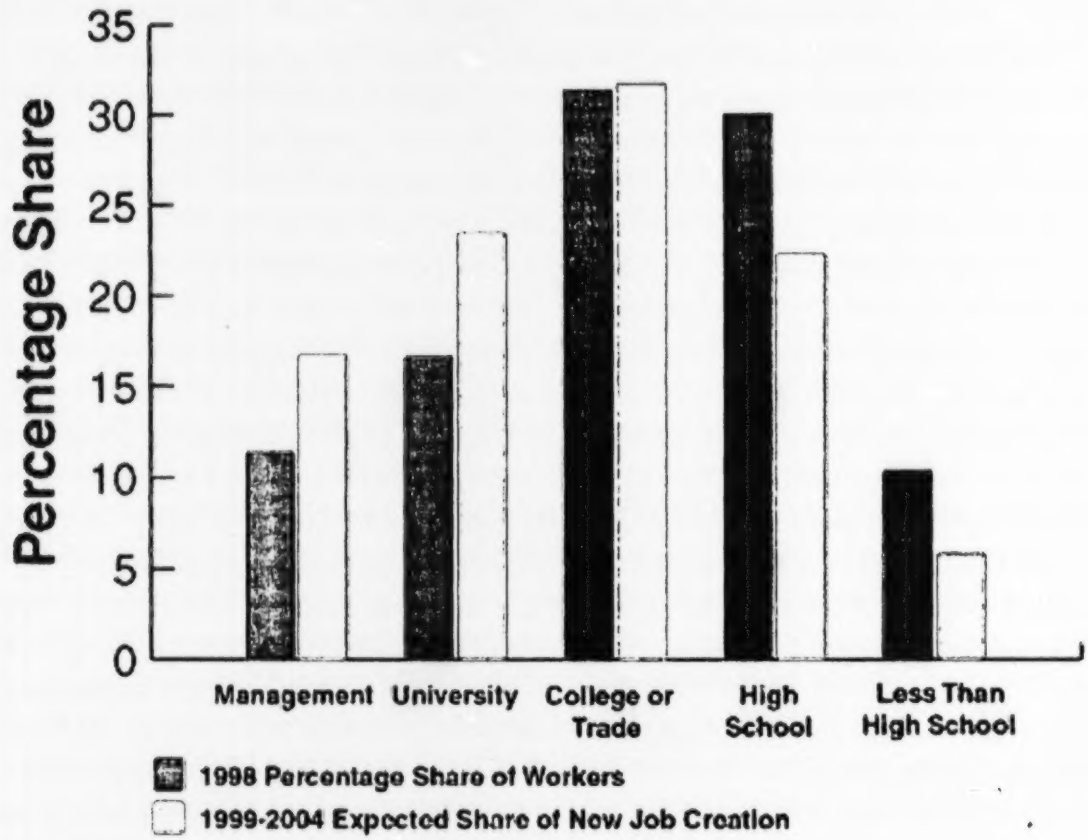
introduce a work study program which would be an integral part of the national financial aid system in Canada;

undertake a major pan-Canadian analysis of the causes of loan default and high student debt and that the government consult with ACCC's National Student Debt Task Group who's mandate is to examine the full scope of the student debt issue and identify alternative means of alleviating such debt;

establish a Canadian College and Institute Technology Assistance Program for applied research, product and process development in the amount of $50 million per annum.

ANNEX I

Share of New Job Creation by Skill Level (1999-2004)



Source: Job Futures 2000, HRDC

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